

## § 1.41-8

who owns an interest in an unincorporated trade or business, is a partner in a partnership, is a beneficiary of an estate or trust, or is a shareholder in an S corporation shall be applied in accordance with the principles set forth in § 1.53-3.

(d) *Carryback and carryover of unused credits.* The taxpayer to whom the credit is passed through under paragraph (c) of this section shall not be prevented from applying the unused portion in a carryback or carryover year merely because the entity that earned the credit changes its form of conducting business.

[T.D. 8251, 54 FR 21204, May 17, 1989. Redesignated by T.D. 8930, 66 FR 295, Jan. 3, 2001]

## § 1.41-8 Special rules for taxable years ending on or after January 3, 2001.

(a) *Alternative incremental credit.* At the election of the taxpayer, the credit determined under section 41(a)(1) equals the amount determined under section 41(c)(4).

(b) *Election—(1) In general.* A taxpayer may elect to apply the provisions of the alternative incremental credit in section 41(c)(4) for any taxable year of the taxpayer beginning after June 30, 1996. If a taxpayer makes an election under section 41(c)(4), the election applies to the taxable year for which made and all subsequent taxable years.

(2) *Time and manner of election.* An election under section 41(c)(4) is made by completing the portion of Form 6765, "Credit for Increasing Research Activities," relating to the election of the alternative incremental credit, and attaching the completed form to the taxpayer's timely filed original return (including extensions) for the taxable year to which the election applies.

(3) *Revocation.* An election under this section may not be revoked except with the consent of the Commissioner. A taxpayer must attach the Commissioner's consent to revoke an election under section 41(c)(4) to the taxpayer's timely filed original return (including extensions) for the taxable year of the revocation.

(4) *Effective date.* Paragraphs (b)(2) and (3) of this section are applicable for

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taxable years ending on or after January 3, 2001.

[T.D. 8930, 66 FR 295, Jan. 3, 2001]

## § 1.42-0 Table of contents.

This section lists the paragraphs contained in §§ 1.42-1 and 1.42-2.

### § 1.42-1 [Reserved]

§ 1.42-2 *Waiver of requirement that an existing building eligible for the low-income housing credit was last placed in service more than 10 years prior to acquisition by the taxpayer.*

(a) Low-income housing credit for existing building

(b) Waiver of 10-year holding period requirement

(c) Waiver requirements

(1) Federally-assisted building

(2) Federal mortgage funds at risk

(3) Statement by the Department of Housing and Urban Development or the Farmers' Home Administration

(4) No prior credit allowed

(d) Application for waiver

(1) Time and manner

(2) Information required

(3) Other rules

(4) Effective date of waiver

(5) Attachment to return

(e) Effective date of regulations

[T.D. 8302, 55 FR 21189, May 23, 1990]

## § 1.42-1 [Reserved]

## § 1.42-1T Limitation on low-income housing credit allowed with respect to qualified low-income buildings receiving housing credit allocations from a State or local housing credit agency (temporary).

(a) *In general—(1) Determination of amount of low-income housing credit.* Section 42 provides that, for purposes of section 38, a low-income housing credit is determined for a building in an amount equal to the applicable percentage of the qualified basis of the qualified low-income building. In general, the credit may be claimed annually for a 10-year credit period, beginning with the taxable year in which the building is placed in service or, at the election of the taxpayer, the succeeding taxable year. If, after the first year of the credit period, the qualified basis of a building is increased in excess of the qualified basis upon which the credit was initially determined, the allowable credit with respect to such additional qualified basis is determined